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OUR TRADE WITH CUBA AND THE PHILIPPINES

Cuba.—Whether great manufacturing plants will be established in tropical countries, and will afterwards thrive, is a question for the consideration of the economist, the exploiter and the capitalist. So far as Cuba is concerned, with the exception of its plants for the conversion of cane into raw sugar, of leaf tobacco into cigars, etc., a well-equipped cordage factory at Havana, and some minor concerns engaged in the manufacture of cement, pottery, beer, liquors, chocolate, vermicelli, shoes, ice, perfumery, etc., it is virtually without manufacturing establishments, unless those used in the reduction of iron ore are included under the definition. For a long time to come Cuba must depend upon other countries for its supplies of cotton, silk and woolen fabrics, for machinery, manufactures of iron and steel and other metals, leather and its products, books, paper, etc.

From the proximity of the United States, its natural advantages, and its wonderful facilities for manufacturing industries, it seems natural that our country should enjoy all this trade, particularly if goods adapted to the Cuban market are furnished.

Of corn and wheat flour the United States furnished more than 99 per cent during the fiscal year ended June 30, 1901. The demand is increasing and is likely to continue to do so under normal conditions. There has been a great falling off during 1901 as compared with 1900 in the importation of distilled and fermented liquors, owing largely to the establishment of distilleries of considerable capacity in the island. More than two and a half million dollars' worth of these goods were imported in 1901, of which nearly two million came from Spain, and consisted principally of wines. The United States is securing only a small portion.

Cotton goods, woolen goods, vegetable fibres and their manufactures, silk, oils, grease and paraffine, chemicals, dyes, animals and animal products, including leather and its manufactures, were all imported in quantities during the fiscal year 1901; but of these very little was purchased from the United States.

| | Total Imports. | From United States. |
|--|----------------|---------------------|
| Cotton goods | \$6,000,000 | \$500,000 |
| Woolen goods | 700,000 | 22,000 |
| Vegetable fibres and their manu- factures | 2,000,000 | 171,000 |
| Silks | 526,000 | 24,000 |
| Oils, grease and paraffine | 2,600,000 | 713,000 |
| Chemicals and dyes | 1,053,000 | 422,000 |
| Animals and animal products | 8,476,000 | 2,000,000 |
| Leather and its manufactures | 1,850,000 | 505,000 |
| Total | \$23,205,000 | \$4,357,000 |

The more favorable features of our export trade with Cuba may be seen in the line of dairy products, meats, fish, machinery, implements, vehicles and manufactures of iron and steel. In machinery, in 1901, the United States gained at the expense of other countries, while in the general manufactures of iron and steel the United States shipments increased 189 per cent. In earthenware, china and glassware we supplied about one-third of the Cuban imports.

Since Cuba imports almost everything which she consumes, there is considerable inducement for nearly all branches of American industry and agriculture to secure a greater market in the island. With the increase of prosperity in Cuba, and the constantly growing knowledge among our merchants of the character of goods required, this field should prove of material benefit in increasing the trade of the United States.

In regard to the exports of Cuba, we find that sugar and tobacco, in nearly even quantities, constituted over 90 per cent of the Cuban exports in 1901. The exportation of sugar

showed an increase of about 51 per cent over 1900, and tobacco an increase of 33 per cent over that year. Substantially all of the sugar and about 46 per cent of the tobacco were taken by this country. This applies also to the exports of iron and manganese ore, cocoa, vegetables, fruits and nuts during the year, the bulk of these coming to the United States markets.

The island of Cuba has been well described as one gigantic farm of marvelously fertile soil, and while the production of sugar and tobacco will probably maintain its present prominence for an indefinite period, the wealth of the island might be easily increased by more earnest efforts to revive the culture of coffee. In the growing of fruits and vegetables the soil has proven exceptionally favorable, and it is even said that under ordinary conditions strawberries may be produced every month in the year. Pineapples have been cultivated on a rather large scale recently, the American markets controlling the entire export trade. The leading fruit product is the banana, and, though the quality may be somewhat inferior to that of other tropical countries, yet the value of shipments to the United States during the fiscal year 1901 amounted to more than half a million dollars. Careful and intelligent investigation of Cuba's possibilities in fruit and vegetable production should result in a more evenly balanced development of her resources, besides a direct benefit to the American consumer on the mainland.

In summarizing the trade of Cuba for the twelve months of the calendar year 1901, the value of imported merchandise is shown to be \$66,583,973, as against \$66,658,589 for the corresponding period of 1900; and the exports of merchandise during the twelve months ended December 31, 1901, amounted to \$63,278,380, as against \$48,904,684 for the same period of 1900. The value of merchandise coming from the United States during the calendar year 1901, was \$28,078,633, a decrease of \$1,097,369 as compared with the corresponding period of 1900, while the exports for the

period of 1901 amounted to \$48,066,579, an increase of \$14,819,970.

The Philippines.—It may be said that there is a well defined policy among European countries to discourage the establishment of manufactures in their respective colonies, the effect of which policy has been to furnish employment to skilled workmen in the mother countries and to create an exchange of manufactured goods for crude products.

With the exception of the making of cigars and cigarettes, and the weaving of certain fibers on hand looms, there is virtually no manufacturing done in the Philippines. As a consequence, the islands must look to Europe and America for manufactured goods and pay for them with agricultural products. There can be no doubt that their demand for foreign goods will steadily increase, since the Filipinos are, as a rule, adaptive and imitative, and when the conveniences and comforts of a higher civilization are brought to their notice they are quick to appreciate and to utilize them.

From Philippine statistics for the fiscal years 1900 and 1901, compiled in the Insular Division of the War Department, it will be seen that the importation of cotton and cotton goods is far in excess of that of any other commodity, in fact, constituting over 30 per cent of the total value of imports for 1901. The increase in value of all imports for 1901 over 1900 was, approximately, 50 per cent, while the value of cotton and its products has increased 60 per cent. The ratio of increase of cottons exported from the United States to the Philippines during the period mentioned was nearly 300 per cent, but the value of these exports as compared with those from other countries is not so satisfactory. The demand for cotton goods will doubtless continue to grow larger and for many years the islands will be heavy purchasers of cotton fabrics, of which trade the United States should secure a large share. Large shipments from Hong Kong are, as a rule, consignments from other countries re-shipped. It is believed that fully 30 per cent of the exporta-

tions from Hong Kong (exclusive of rice) originate in the United States, although they are not so credited in computing these ratios.

Next in importance as an import is rice, of which nearly all comes from China and the East Indies. With all the natural advantages for the cultivation of this cereal and the introduction of modern methods, it is believed the Philippines will, in a few years, not only raise a sufficiency of rice for home consumption, but a surplus for exportation.

The demand for wheat flour is increasing very rapidly, and the supply from the United States is largely in excess of that from all other countries combined. It is confidently asserted that this demand will continue to increase until it reaches enormous proportions, and America will probably be the beneficiary of the trade in flour while the Filipinos can easily sell their rice when wheat flour is substituted for it.

The imports of machinery, manufactures of iron and steel and other metals have increased 140 per cent, the increase from the United States being nearly 318 per cent. There can be no reasonable doubt that for many years the Philippines will be a good market for modern agricultural machinery, saw mills, steam boilers, electrical apparatus, and, in fact, practically all the productions of the machine shop.

The lines of trade in which American manufactures are most backward, are, in many cases, the same as in Cuba, namely, chemicals, dyes, drugs, leather and its manufactures, including boots and shoes, dairy products and provisions, oils, grease and paraffine. The following table illustrates the approximate proportions imported from the United States, during the year 1901:

| | |
|---|-------------|
| Boots and shoes | 12 per cent |
| Provisions and dairy products | 4 “ |
| Oils, grease and paraffine | 6 “ |

In the case of oils, it is to be noted that petroleum constituted about one-half of the value of this item, and that

Russia furnished three-fourths of all the petroleum imported. It may naturally be expected that with the recent development of oil fields in the southern part of the United States, the American product may be able to compete with Russian petroleum.

Hemp, sugar, tobacco and copra constitute more than nine-tenths of Philippine exports. Ten or twelve years ago coffee was extensively raised, but, owing to the ravages of an insect, its culture has been virtually abandoned, the exportation declining in value from more than one and a half million dollars in 1888, to less than seven thousand dollars in 1901.

The agricultural enterprise of the islands is centered in hemp, more than 90 per cent of the export trade in this commodity going to the United States and the United Kingdom, the latter country receiving practically three-fourths of a total exportation of nearly fifteen million dollars' worth during the fiscal year 1901. There is a constantly increasing demand for Manila grown hemp, the preparation of which at this time is a slow and tedious process. By an Act of Congress, signed March 8, 1902, provision is made whereby hemp coming directly from the Philippines to the United States for use and consumption therein, is exempt from any export duties imposed in the Philippine Islands. This Act gives American manufacturers of hemp an advantage over those of other countries, in the purchase of raw material amounting to \$7.50 per long ton, providing that the same is shipped to the United States from the Philippines in one bottom and is consumed within eighteen months after exportation. The export tax is paid on all shipments, but when evidence is furnished to the Collector of Customs for the Philippine Archipelago that the provisions of the Act, and the regulations relative thereto have been observed, the export tax is refunded.

The production of sugar, one of the leading industries, has fallen off greatly in the last few years, owing to the dis-

turbed condition of affairs, heavy freight rates, the lack of modern methods of manufacture, and the growth of the beet sugar industry. Japan is the heaviest purchaser, taking nearly one-half of the total amount shipped.

Tobacco, in the leaf and manufactured, forms an important article of export, and the cultivation and manufacture of tobacco ranks all other industries in the islands. The production is constantly growing in volume, the quality of the leaf is excellent and the price is low. With a better knowledge of the "curing" process and better methods generally, this industry will advance with extraordinary strides, but little is shipped to the United States. Copra (dried meats of cocoanuts) is another of the principal exports. It is used in the manufacture of soap and candles. France is the largest consumer, taking more than half of the amount exported.

The consensus of opinion seems to be that, with the gradual improvement of conditions in the Philippines, it will be found advisable to introduce the most modern labor-saving machinery and to establish well equipped plants for the handling of the raw material of the islands.

The value of merchandise, exclusive of quartermaster's supplies, imported into the Philippines during the calendar year ended December 31, 1901, was \$30,162,471, as against \$24,863,779 for the corresponding period of 1900; and the exports of merchandise during these periods amounted to \$24,503,353 in 1901 as against \$22,990,373 during the same period of 1900.

The United States' share of goods coming into the islands during the calendar year 1901, was \$3,534,255, an increase of \$1,381,057 over the corresponding period of 1900, while the exports for the period of 1901 amounted to \$4,546,292, an increase of \$1,585,441.

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